

EAST LINCOLN WATER AND SEWER DISTRICT FUND

This fund is used to account for all of the activities of the East Lincoln Water and Sewer District. The ELWS District was established on June 15, 1992 to build a wastewater treatment plant and a system of sewer lines and pump stations to serve a portion of eastern Lincoln County. The district charged sewer tap fees, availability or capacity fees, and monthly charges for service based upon the amount of water consumed. In addition, to pay off the debt associated with beginning this system, those properties within the district boundaries were assessed a special tax levy. During the years, some additional properties were annexed into the District as well, to obtain sewer service.

On June 18, 2007, the ELWS District Board and the Lincoln County Board of Commissioners entered into an agreement whereby all the assets of the ELWS District were transferred to Lincoln County. Henceforth, the operating costs of the sewer system became a part of a combined Lincoln County Water and Sewer System, funded in the Water and Sewer Fund annually. Under the agreement, the outstanding debt of the ELWS District remained with the ELWS District, to be paid each year from a tax levy on all the taxable property within the District boundaries.

The 2007 Agreement essentially changed this fund from the operating and capital budgets for the sewer system to a debt service fund for the District's existing debt, with the revenues to pay that debt coming from a tax levy within the District boundaries. The Agreement calls for the District to formally dissolve once the last payment of principal and interest has been made. At that point, this fund would no longer be needed. The operating and capital budgets for the sewer system can now be found in the Water and Sewer Fund (operating budget) and the W & S Capital Projects Fund (capital budget).

The June 18, 2007 Agreement was an excellent step to convert the sewer system from one solely within this District, to one that can cover a larger area. This is fair to the District property owners since it does not require them to pay for any new debt through the District tax levy. Any new debt from July, 2007 forward has, and will be paid by the customers of the combined Lincoln County Water and Sewer System. A case in point is the new Killian Creek Wastewater Treatment Plant (WWTP), which began operation in October, 2010. Its debt service is paid by all the customers of the combined Water and Sewer System, not those just within the ELWS District.

In FY 2008 (July, 2007-June, 2008) the tax rate was decreased from 11 cents to 7.5 cents per \$100 of assessed valuation. In FY 2009 the tax rate was decreased from 7.5 cents to 2.0 cents. In FY 2010 the tax rate was decreased to 1.75 cents. In FY 2011 the tax rate remained at 1.75 cents. In FY 2012 the tax rate was changed to the revenue neutral tax rate of 1.99 cents following a reappraisal. The tax rate for FY 2013 was 3.55 cents, FY 2014 the tax rate was 3.59 and 3.42 in FY 2015. For FY 2016, the rate is 3.25.

If you look at the Debt Service Repayment Schedule enclosed, you will see that FY 2018 and FY 2019 repayments are small enough to be included with FY 2017, and pay off this

debt in FY 2017. According to the Official Statement, all of the 1998 Sewer Bonds maturing on or after June 1, 2009 can be redeemed early by paying a 0.5% premium for each year or portion of a year that the bonds would be repaid early. Based on the remaining balance and keeping with the goals and objectives of the Lincoln County Board of Commissioners, it is recommended that the debt be retired during FY 17.

Based upon the above, I am recommending that the East Lincoln Sewer District tax rate be discontinued at the end of FY 16.

DEBT SERVICE REPAYMENT SCHEDULE
EAST LINCOLN WATER AND SEWER DISTRICT

					TOTALS
		FY 2017	FY 2018	FY 2019	FY 15-19
PROJECTED EXPENSES					
1995 State Clean Water Loan \$5,000,000	Prin	250,000			250,000
Dated 5/1/97 -- 5/1/17 5.3% to 3.43% Fixed Rate	Int	8,575			8,575
1998 Sewer Bonds \$1,600,000	Prin	325,000			325,000
Dated 12/1/98 -- 6/1/19 4.6% to 4.75% Fixed Rate	Int	24,939			24,939
2004 Sewer Refunding \$5,520,000	Prin	250,000			250,000
Dated 6/1/04 -- 6/1/17 2.0% to 3.4% Fixed Rate	Int	8,500			8,500
TOTAL PRINCIPAL PAYMENTS		\$ 825,000	\$ -	\$ -	\$ 825,000
TOTAL INTEREST PAYMENTS		\$ 42,014	\$ -	\$ -	\$ 42,014
TOTAL EXPENSES		\$ 867,014	\$ -	\$ -	\$ 867,014
<i>updated 11/19/15 - dlr</i>					

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FISCAL YEAR 2017

ACCOUNT	DESCRIPTION	FY 2015 ACTUAL	FY 2016 BUDGET	FY 2016 THRU 2/29/16	FY 2017 REQUESTED	FY 2017 RECOMMENDED
REVENUES						
62-0000-00-00-31000-	Current Year Taxes	(843,528)	(818,070)	(796,921)	-	-
62-0000-00-00-31050-	Prior Year Taxes	(6,671)	-	(3,379)	-	-
62-0000-00-00-31100-	VTS Tax Revenue	(62,236)	(18,000)	(47,680)	-	-
62-0000-00-00-37000-	Interest Revenue	(988)	(500)	(128)	-	-
62-0000-00-00-38161	Transfer from Water/Sewer	-	-	-	(867,014)	(867,014)
62-0000-00-00-39999-	Fund Balance Appropriated	-	-	-	-	-
TOTAL REVENUES		(913,423)	(836,570)	(848,108)	(867,014)	(867,014)
EXPENSES						
62-4720-54-00-54113-	VTS Collection Fee	2,722	5,000	2,009	-	-
62-7120-54-00-54102-	Contracted Services	25,492	8,000	24,006	-	-
62-7120-54-00-56101-	Dues & Subscriptions	-	-	-	-	-
62-7120-54-00-56199-	Miscellaneous	1,280	5,000	1,280	-	-
62-7120-54-00-58100-	Debt - Principal	-	-	-	-	-
62-7120-54-00-58101-	Debt - Interest	-	-	-	-	-
62-9100-59-00-58100-	Debt - Principal	770,000	760,000	-	825,000	825,000
62-9100-59-00-58101-	Debt - Interest	79,790	58,570	24,404	42,014	42,014
62-9840-59-00-58100-	Debt - Principal	-	-	-	-	-
62-9840-59-00-58101-	Debt - Interest	-	-	-	-	-
TOTAL EXPENSES		879,284	836,570	51,700	867,014	867,014